Financial Services
Commission
of Ontario

Financial Services Commission of Ontario

Agency Business Plan 2015–18

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Executive Summary

The Financial Services Commission of Ontario (FSCO) regulates insurance companies, agents and adjusters; pension plans; loan and trust companies operating in Ontario; credit unions and caisses populaires; mortgage brokerages, agents, brokers, and administrators; co-operative corporations in Ontario; and service providers who receive direct payment from auto insurers for certain statutory accident benefits. Established under the *Financial Services Commission of Ontario Act, 1997* (FSCO Act), FSCO is accountable to the Minister of Finance.

FSCO's legislative mandate is to provide regulatory services that protect the public interest and enhance public confidence in the sectors it regulates. As an organization, FSCO is committed to being a progressive and fair regulator, working with stakeholders to support a strong financial services industry, and protecting the interests of financial services consumers and pension plan members.

FSCO supports the Ministry of Finance's objective of promoting a dynamic, innovative and growing economy, and managing the fiscal, financial and related regulatory affairs of the province of Ontario.

FSCO regulates the financial services sector to maintain market confidence and financial system stability, to protect consumers from market practices that are unfair or harmful, and to mitigate the potential for regulated business activity being used for unlawful purposes. FSCO's activities align with the government's multi-year priority outcomes of providing a dynamic and supportive business environment and improved retirement income security.

Current trends in modern regulation call for a holistic view of regulating financial sectors that reflects the evolving environment. The financial services marketplace has changed. It now represents a highly inter-connected financial services environment. Integrated regulators, such as FSCO, create economies of scale and allow limited regulatory resources to be directed to the areas of greatest risk or harm. As a regulator of many financial services, FSCO looks at the complex profile of the individual or entity in the context of today's highly inter-connected financial services marketplace and not just as a licensee or registrant carrying on business in a single sector.

Under the Government of Ontario's Agencies and Appointments Directive, FSCO develops and submits an Agency Business Plan on a yearly basis to the Minister of Finance.

The Agency Business Plan outlines FSCO's strategic directions and priorities, and provides an overview of current and future programs and activities for 2015–18. It also outlines the mandates, strategies and priorities of the Financial Services Tribunal (FST) and the Motor Vehicle Accident Claims Fund (MVACF).

Strategic Direction for 2015-18

FSCO is guided by its 2015-18 strategic plan and works to implement a vision of being an effective regulatory supervisor that protects the public interest in the financial services marketplace. The plan positions FSCO to remain efficient, effective, and adaptive to changes in the regulatory landscape.

In order to deliver on this vision, FSCO will be guided by the following three over-arching goals:

- Be risk-based, proactive, evidence-based, balanced, transparent, service-oriented, and collaborative in its work;
- Further a coordinated national approach to regulatory issues; and

- Be a recognized thought leader in regulatory policy.

For 2015-18, FSCO will focus its efforts on core activities and initiatives that are aligned with its strategic outcomes to achieve its goals and fulfill its mandate.

Key Achievements in 2014-15

FSCO launched a licensing regime for health service providers in the auto insurance sector

On December 1, 2014, FSCO launched a licensing system for health service providers providing treatment and assessment services to injured auto insurance claimants. By December 1, 2014, FSCO had processed applications for almost 95 per cent of the top 1200 facilities by market share in the industry. In early 2015, FSCO started on-site compliance examinations of health service providers, who were selected on a random and targeted basis.

Auto Insurance Three-Year Review finalized

FSCO has finalized and transmitted to the Minister of Finance the report on mandatory, three-year review of Ontario's automobile insurance system. The report was the culmination of in-depth analysis, as well as consumer and stakeholder consultation on the subject of ensuring a stable, sustainable and competitive automobile insurance system. The report will be published on FSCO's website after it is tabled in the legislature.

Usage-based automobile insurance rating plans approved

To date, FSCO has approved usage-based auto insurance programs for 12 insurers representing approximately 35.7 per cent of the Ontario private passenger automobile market. FSCO is continuing to work with several other insurers that have expressed interest in introducing usage-based programs in the near future. FSCO has conducted compliance reviews of each insurer who has a Usage Based Insurance filing, and will continue to do so as additional programs are added and become more established.

Automobile Insurance Bodily Injury Claim Study completed

The 2014 Automobile Insurance Third Party Liability Bodily Injury Closed Claim Study in Ontario was published on FSCO's website on October 3, 2014. The study analyzed closed claims from selected insurers and gathered data on factors contributing to cost changes. The analysis will help FSCO to evaluate the potential impact of any future changes in the automobile insurance system on bodily injury (tort) claims.

FSCO continued to distribute fraud prevention information via social media

FSCO and the Toronto Police Services continued to host #fraudchat, a weekly Twitter chat on topics related to financial crime and fraud prevention. The program gives people regular access to a police officer and a representative from a financial services regulator to ask questions about scams and fraud prevention.

Mortgage Brokerages, Lenders and Administrators Act, 2006 Review completed

Since the Ministry of Finance's appointee completed a review in early 2014 of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*, FSCO has worked with the Ministry of Finance to implement a number of recommendations from the review – including reviewing mortgage broker standards of practice to better combat fraud, and raising education standards for brokers and agents.

Mortgage Broker Regulators' Council of Canada (MBRCC) completed national initiatives

FSCO, working together with the other members of MBRCC, has identified common competency and curriculum requirements for mortgage agent and broker licensing courses. These requirements are a first step in the harmonization of licensing courses across jurisdictions. The MBRCC also launched an online tool that provides guidance on licensing requirements that may apply in multi-jurisdictional mortgage brokering transactions.

MBRCC published standardized consumer protection materials for consumers across the country

FSCO worked with the MBRCC to publish *Know Your Mortgage Risks & Responsibilities*, which educates consumers about the risks and responsibilities associated with a mortgage commitment. The information applies to mortgage consumers across the country.

Life Insurance and Mortgage Broker Product Suitability Reviews completed

FSCO completed product suitability reviews to study ways in which life insurance agents and mortgage brokers and agents make product recommendations and assess the financial literacy of their clients. FSCO's research informed an MBRCC report on the review, which helps regulators across the country better understand mortgage broker activities related to product transactions.

Communication outreach to pension stakeholders undertaken

As a part of FSCO's communication outreach to pension stakeholders, FSCO hosted thirteen meetings with its pension advisory committees and four stakeholder consultation meetings. FSCO also provided guidance to its stakeholders on eight new pension policy positions via the FSCO website.

Implementation of risk-based regulatory framework in supervision of pension plans

FSCO continues to implement its risk-based regulatory framework in the supervision of pension plans. FSCO completed a pilot program covering 141 pension plans to develop a process for conducting the first level of risk assessments.

2014 Report on the Funding of Defined Benefit Plans published

The 2014 Report on the Funding of Defined Benefit Plans in Ontario was published on FSCO's website. The report provides pension stakeholders with up-to-date funding, investment, and actuarial information related to defined benefit pension plans registered in Ontario.

Pension Oversight Section launched

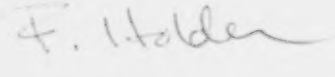
FSCO created a new Pension Oversight Section which will be responsible for risk analysis, data integrity and intelligence, and quality assurance and control of the information received through statutory filings. The section will ensure efficient and effective delivery of pension regulatory services to the industry, and its focus will be on modernizing service delivery through business automation solutions in order to optimize FSCO's deliverables to internal and external pension stakeholders.

Revenues and Expenditures

Most of FSCO's costs are recovered from the regulated sectors through a combination of assessments and fees. FSCO's actual revenues collected in 2014-15 amounted to $86,475,817, and its expenditures for the year were $87,905,644, with the residual of $1,429,827 offset against FSCO's budget appropriation. FSCO's spending authority for 2015-18 is outlined in the section on Resources Required to Achieve Outcomes.

FSCO's plan provides direction now while also positioning the organization to take on any new responsibilities identified through the government's review of FSCO's mandate and to address any emerging regulatory needs that may arise in the dynamic financial services sector.

Brian Mills
Interim Chief Executive Officer and
Superintendent of Financial Services
Financial Services Commission of Ontario



Florence A. Holden
Acting Chair, Financial Services Commission of Ontario
Acting Chair, Financial Services Tribunal

Mandate

FSCO's Legislative Mandate

FSCO's legislative mandate is to provide regulatory services that protect the public interest and enhance public confidence in the sectors it regulates.

In the 2014 Ontario Budget, the government announced it would be undertaking focused mandate reviews of government agencies. Since that time, the government has formed an expert panel to review the mandates of FSCO, the FST, and the Deposit Insurance Corporation of Ontario (DICO). As stated in the 2015 Ontario Budget, the reviews will:

- Continue the government's efforts to modernize financial services by ensuring that regulatory activities are carried out in the most appropriate and efficient manner, reflecting the complexity of the sector;
- Benefit the financial services sector by ensuring that the mandates of each agency remain flexible in a changing environment; and
- Provide an opportunity to improve public administration by bolstering the Province's commitment to enhancing oversight and risk management in the agencies sector.

The expert panel will deliver its recommendations to the government by early winter.

FSCO welcomes the mandate review and is ready to work with the government to ensure that its activities and services are aligned with the needs of Ontarians.

FSCO is committed to being a progressive and fair regulator, working with stakeholders to support a strong financial services industry, and protecting the interests of financial services consumers and pension plan members.

As an integrated regulator in the inter-connected financial services marketplace, FSCO takes a holistic approach to the regulation of the sectors to deliver on its mandate of protecting the public interest.

As of June 30, 2015, FSCO regulated or registered:

- 334 insurance companies
- 7,109 pension plans
- 112 credit unions and caisses populaires
- 51 loan and trust corporations
- 1,189 mortgage brokerages
- 2,647 mortgage brokers
- 10,372 mortgage agents
- 137 mortgage administrators
- 1,792 co-operative corporations
- 49,944 insurance agents
- 5,397 corporate insurance agencies
- 1,265 insurance adjusters
- 4,030 health service providers

Ensuring Compliance with the Law

FSCO's primary role is to ensure compliance with the laws governing each regulated sector. In order to ensure compliance, FSCO administers and enforces several statutes and corresponding regulations. FSCO develops administrative and regulatory policies and procedures to support enforcement of the law, and takes timely regulatory action to correct or terminate activities that do not comply with the law. Compliance is one of the ways that FSCO fulfills its legislative mandate, but it is not the only one.

FSCO regulates the following financial services sectors in Ontario, and ensures the sectors comply with the corresponding legislation:

Sector	Corresponding Statutes
Insurance	• Insurance Act and Regulations • Automobile Insurance Rate Stabilization Act, 2003 and Regulations • Compulsory Automobile Insurance Act and Regulations • Prepaid Hospital and Medical Services Act • Motor Vehicle Accident Claims Act and Regulations
Health Service Providers	• Insurance Act and Regulations
Pension Plans	• Pension Benefits Act and Regulations
Credit Unions and Caisses Populaires	• Credit Unions and Caisse Populaires Act, 1994 and Regulations
Mortgage Brokering	• Mortgage Brokerages, Lenders and Administrators Act, 2006 and Regulations
Loan and Trust Companies	• Loan and Trust Corporations Act and Regulations
Co-operative Corporations	• Co-operative Corporations Act and Regulations

FSCO's approach to fulfilling its legislated regulatory responsibilities is outlined in greater detail in its Regulatory Framework document which is posted on the FSCO website.

Providing General Supervision of the Regulated Sectors

FSCO also has a general supervisory role that focuses on ensuring that the regulated sectors are sustainable, dynamic and innovative, that consumers are treated fairly, and that pension plan members' benefits are secure. This supervisory role includes monitoring the regulated sectors, influencing the behaviour of licensees or registrants, and providing advice and recommendations to the Ontario government. FSCO supervises the financial sectors by performing its core regulatory activities.

Vision

FSCO's 2015-18 Strategic Plan includes an updated vision that reflects, and renews its commitment to, FSCO's supervisory role.

FSCO's vision is to be an effective regulatory supervisor that protects the public interest in the financial services marketplace.

Governance and Accountability

FSCO is comprised of a five-member commission, the Superintendent of Financial Services (who is also a member of the commission) and staff, and the Financial Services Tribunal.

Commission Membership and Purposes

FSCO is governed by a five-member commission, consisting of the Superintendent of Financial Services, the Director of Arbitrations, a part-time Chair, and two part-time Vice-Chairs. The Chair and Vice-Chairs are also the Chair and Vice-Chair of the Financial Services Tribunal. Each member is appointed for a fixed term by the Lieutenant Governor in Council. Appointments to the commission are made in accordance with the guidelines established by Ontario's Public Appointments Secretariat.

Name	Position
Florence A. Holden	Acting Chair
Denis Boivin	Acting Vice-Chair
Vacant	Vice-Chair
Tom Golfetto	Director of Arbitrations
Brian Mills	Interim CEO and Superintendent of Financial Services

The commission is required to review and approve key planning, strategic and accountability documents, including FSCO's Agency Business Plan, Program Review, Renewal and Transformation plan, Risk Mitigation Plan, Statement of Priorities and Annual Report. The Superintendent and the Chair are members of FSCO's Audit and Risk Committee and the Vice-Chairs and Director of Arbitrations are invited to attend meetings.

Superintendent and Staff

The Superintendent of Financial Services (Superintendent) administers and enforces the FSCO Act and all other acts that confer powers on or assign duties to the Superintendent. The Superintendent is also the CEO of FSCO and is appointed under the *Public Service of Ontario Act, 2006.* Under the FSCO Act, the powers and duties of the Superintendent include:

- Generally supervising the regulated sectors;
- Administering and enforcing the FSCO Act and every other act that confers powers on or assigns duties to the Superintendent; and
- Being responsible for FSCO's financial and administrative affairs.

All FSCO staff report directly or indirectly to the Superintendent. FSCO staff, who are public servants under the *Public Service of Ontario Act, 2006*, perform FSCO's day-to-day work which includes:

- **Regulatory activities**: This includes regulatory policy and coordination, licensing and registration, filings and applications, monitoring and compliance, as well as enforcement and intervention.
- **Program delivery:** This includes delivering dispute resolution services, and overseeing the Pension Benefits Guarantee Fund (PBGF) and the Motor Vehicle Accident Claims Fund (MVACF).
- **Enabling functions:** FSCO's regulatory activities and program delivery functions are supported by the Corporate Services, Strategic Communications, Enterprise Business Solutions and Legal Services Branches. These branches are responsible for financial and resource management, procurement, general administration, strategic, operational and human capital planning, contact centre services, communications, information technology, and legal services.

For a senior management overview, please refer to Appendix 1 – FSCO Organizational Chart.

Financial Services Tribunal

The Financial Services Tribunal is an expert adjudicative tribunal established under the FSCO Act. The Chair and Vice-Chairs of the FST are also the Chairs and Vice-Chairs of the commission. FSCO provides the FST with supporting staff, space, information technology resources, and financial funding. For more information, see the section on the FST.

Governance and Management Processes

The foundation for FSCO's corporate governance is provided by the Management Board of Cabinet's Agencies and Appointments Directive (AAD) and the Memorandum of Understanding (MOU) between the Minister of Finance, the Chair of the Commission and the Superintendent of Financial Services/Chief Executive Officer.

The AAD sets out the process for establishing a new agency classified under the directive, the accountability framework governing agencies and ministries in the operation of agencies, and uses a risk-based approach in managing agency accountability.

The MOU outlines the accountability framework between the Minister and FSCO, establishes tools for governance and accountability and explains roles, relationships and mutual expectations. The MOU is updated every five years or more often if necessary.

Performance Measurement Framework

FSCO's Performance Measurement Framework ensures greater transparency, accountability and value-for-money. It also ensures that FSCO measures performance, focuses on meaningful results, and reports on outcomes. As part of FSCO's new 2015–18 Strategic Plan, FSCO is examining its key performance measures.

Financial Reporting and Accountability

As an Ontario government agency, FSCO receives an annual spending authority through the government planning process, based on needs and government priorities. FSCO files quarterly reports on its spending. The Office of the Auditor General of Ontario audits FSCO's annual financial statements.

FSCO's Audit and Risk Committee (ARC) helps the CEO/Superintendent discharge his responsibilities related to financial affairs and risk management.

Recovering FSCO's Costs

Most of FSCO's costs are recovered from the regulated sectors through a combination of assessments and fees. Under the FSCO Act, the Lieutenant Governor in Council may assess all businesses, individuals and pension plans that form part of a regulated sector with respect to expenditures incurred by the Ministry of Finance, the Commission and the FST. The Minister of Finance is authorized to establish fees with respect to the regulated services provided by FSCO.

The government supports co-operative corporations by providing an annual allocation of $500,000 to help cover the costs of administering the sector.

How FSCO Fulfils the Government's Priorities

As a regulatory agency that is accountable to the Minister of Finance, FSCO contributes to the government and Ministry priorities.

FSCO regulates the financial services sector to maintain market confidence and financial system stability, to protect consumers from market practices that are unfair or harmful, to enhance retirement income security, and to mitigate the potential for regulated business activity being used for unlawful purposes. This regulation reduces systemic risk to the financial services industry and the economy, which could otherwise have significant and far-reaching consequences. To this end, regulatory decisions are necessary, and frequently are contentious in light of competing stakeholder interests. For these reasons, FSCO exists as an independent regulator to enforce legislation, protect public interests and support a strong financial services industry and a secure retirement income system.

Building on its core regulatory activities, FSCO is supporting or directly contributing to the government's economic plan and actions as outlined in the 2014 Ontario Economic Outlook and Fiscal Review and the 2015 Ontario Budget, including:

- Creating an Innovative and Dynamic Business Environment
    - FSCO is participating in the modernizing of Ontario's financial services through the government's reviews of:
        - FSCO's and the FST's mandates to further modernize regulation of financial services and advance ongoing work on pension reform; and
        - Legislative framework for credit unions and caisses populaires.
- Strengthening Retirement Security
    - FSCO is contributing to the development of regulations to implement the amendments to the *Pension Benefits Act* introduced in 2010, which includes expanded powers for the Superintendent, as well as other pension reforms that will strengthen and modernize Ontario's retirement income system.
    - FSCO is supporting the development of the Ontario Retirement Pension Plan (ORPP).
    - FSCO is supporting and contributing to the development of the regulatory framework and regulations with respect to Pooled Registered Pension Plans and Target Benefit Plans.
- Achieving a Balanced Budget
    - FSCO is contributing to the government's commitment of achieving a balanced budget through the Program Review, Renewal and Transformation planning process.
- Building a Fair Society
    - FSCO is protecting Ontario consumers by implementing the government's reforms aimed at fighting insurance fraud and abuse in order to make auto insurance more affordable for Ontarians, which includes supporting the government's:
        - Auto Insurance Cost and Rate Reduction Strategy;
        - Serious Fraud Unit, whose initial mandate would include addressing auto insurance fraud; and
        - Transformation of Ontario's auto insurance dispute resolution system to help injured drivers settle disputed claims faster.

On December 9, 2014, the 2014 Annual Report of the Office of the Auditor General of Ontario (OAGO) was tabled in the Legislative Assembly of Ontario. Section 3.03, Financial Services Commission of Ontario—Pension Plan and Financial Service Regulatory Oversight, reported on the findings of an OAGO Value for

Money audit and set out nine recommendations. FSCO has developed action plans to respond to the recommendations.

FSCO will continue to work with the government and its stakeholders to ensure that its activities and services are aligned with the needs of Ontarians.

Strategic Direction

FSCO is guided by its 2015-18 strategic plan and works to implement a vision of being an effective regulatory supervisor that protects the public interest in the financial services marketplace. The plan positions FSCO to remain efficient, effective, and adaptive to changes in the regulatory landscape.

In developing its 2015-18 strategic direction, FSCO considered the external and internal environments, alignment with government priorities, ways to continually improve operating effectiveness, and the potential impacts of its strategies on the public and the sectors it regulates.

In order to deliver on its vision, FSCO will be guided by the following three over-arching goals:

- Be risk-based, proactive, evidence-based, balanced, transparent, service-oriented, and collaborative in our work;
- Further a coordinated national approach to regulatory issues; and
- Be a recognized thought leader in regulatory policy.

FSCO identified these three goals to embed its regulatory framework principles in all activities, advance national coordination efforts, and leverage its knowledge role in the financial services marketplace. The local, national and international scope of the goals reflect the expanding and inter-connected environment in which FSCO operates.

To realise the three goals, FSCO identified eighteen strategic outcomes that are comprehensive across internal and external perspectives: public and stakeholder, accountability and performance, internal process, and organizational capability.

The strategic direction will ensure that FSCO continues to build upon its strengths, define where it wants to be in the future, and that it is doing the right things to get there.

FSCO measures its success in relation to its overarching mandate of providing regulatory services that protect the public interest and enhance public confidence in the regulated sectors. As part of FSCO's 2015-18 Strategic Plan, FSCO is examining its key performance measures and continuing to establish a Performance Measurement Framework. See the section on Performance Measures for details.

Major initiatives planned or underway are described in the Overview of Current and Future Activities and Projects and the Implementation Plan sections.

FSCO's goals and priorities for 2015 are also described in FSCO's 2015 Statement of Priorities, which is available on the FSCO website.

FSCO's 2015–18 Strategic Plan

VISION

- To be an effective regulatory supervisor that protects the public interest in the financial services marketplace

GOALS

- Be risk-based, proactive, evidence-based, balanced, transparent, service-oriented and collaborative in our work
- Further a coordinated national approach to regulatory issues
- Be a recognized thought leader in regulatory policy

	Public and Stakeholders	Accountability & Performance	Internal Process	Organizational Capability
STRATEGIC OUTCOMES	• Financial services industry compliance with laws & regulations • Well-developed corporate governance structures in regulated entities • Fair treatment of consumers by regulated entities • Security of pension plan members' benefits via application of the funding provisions of the legislation • Adequate disclosure of information to enable informed decisions by consumers • Awareness of FSCO's actions in the financial services marketplace • Regulatory services are valued by the public & stakeholders	• Meet or exceed national and international supervisory standards • Meet or exceed provincial agency standards • Meet or exceed internal performance standards	• Risk-based Approach is embedded in all activities • Efficient & transparent processes • Common & integrated processes enabled by integrated technology solutions • Enhanced collection, use & sharing of business intelligence • Enhanced collection, use & sharing of market intelligence	• Awareness of internal & external environment throughout the organization • Agile & adaptable organization • Influence development of provincial, national & international regulatory policy
OPERATIONAL OUTCOMES	• Regulated entities in the marketplace comply with the law • Proactive compliance, intervention & enforcement action • Improve on-going communication with the public & stakeholders • Improve the delivery of regulatory services • Seek, evaluate & respond to feedback from the public & stakeholders • Increase transparency & communication of core regulatory functions	• Establish meaningful internal performance standards • Meet or exceed established performance standards	• Design tools & use information that supports the principles of the risk-based approach • Develop & implement common, transparent processes • Implement the business model to achieve integration of processes enabled through IT solutions • Optimize research & market intelligence in support of regulatory decision-making • Develop a comprehensive information management framework	• Implement a strategic professional development program • Promote skill & knowledge transfer • Empower staff to make decisions • Develop a strategic succession management plan • Implement effective staff engagement strategies • Contribute innovative solutions to common national & international regulatory policy issues.

Environmental Scan

This Environmental Scan identifies key external and internal factors that have an impact on FSCO's current and future business environment and how they may affect FSCO's ability to conduct its business.

External Factors

1. The Economy

According to the 2015 Ontario Budget, Ontario's economy is expected to continue to grow at a solid pace, boosted by a more competitive Canadian dollar, the acceleration in U.S. economic growth and lower oil prices, despite global economic uncertainty. The Ministry of Finance is forecasting that growth in real gross domestic product (GDP) will rise from 2.2 per cent in 2014 to 2.7 per cent in 2015, and then average 2.2 per cent between 2016 and 2018.

The changing economic environment can affect FSCO's regulated sectors through consumer demand, company borrowing costs and investment returns. For example, low interest rates and increased longevity can lead to higher pension liabilities, and increase the funding requirements for plan sponsors. In this fluid environment, FSCO works to ensure protection for pension plan members, and to specifically enforce the Pension Benefits Act and regulation.

FSCO is closely monitoring the economy for impacts on its sectors.

2. Government Priorities

In the 2014 Ontario Budget the government committed to a balanced budget, reduced number of classified agencies, reduced auto insurance rates, introduction of the Ontario Retirement Pension Plan (ORPP), and amending the Insurance Act to require that long-term disability benefits are insured.

The 2015 Ontario Budget outlined additional actions the government is taking to protect auto insurance consumers and ensure affordable premiums, modernize financial services regulation, and strengthen workplace pension plans.

The Budget also reiterated the government's commitment to balancing the budget through Program Review, Renewal and Transformation, managing compensation costs, maintaining tax fairness and a level playing field for business, and strengthening government transparency, financial management and fiscal accountability.

The government's priorities impact FSCO's strategic goals and operations. FSCO will continue to ensure that it supports the government's priorities in a proactive and relevant manner.

3. Demographics

As Ontario's population ages, demand for and interest in healthcare, long-term care, pensions, insurance products and other financial services will continue to increase. As the financial services market is highly inter-connected, the impact of the demographic shift supports the case for integrated financial services regulation to help ensure consumers are treated fairly and the need for increased regulatory resources with the related skills, knowledge and experiences. The changes will also influence the government's priorities and create a need to ensure an adequate pension income that will be paid over a longer timeframe.

Changing demographics has also contributed to the increasing importance of financial literacy. FSCO, as well as other government agencies, have responded to this growing need by introducing and promoting financial literacy initiatives to help individuals make informed financial and investment choices.

4. Regulatory Environment

The financial services marketplace has changed. It now represents a highly inter-connected financial services environment. Modern financial services regulation calls for a holistic view of the financial services environment rather than a silo-like approach. While the international trend in securities regulation has been towards multi-jurisdictional or national integration, the trend in other financial regulation (i.e., the sectors in which FSCO operates) is toward integration of services within one regulator instead of a multiplicity of regulators that each perform similar activities within a jurisdiction. In recent years, Saskatchewan, Manitoba, and New Brunswick have established new regulatory agencies. These governments established integrated regulators because financial services are more interconnected than ever before. Integrated financial regulation is increasingly important in a globally connected economy – such an economy brings with it the promise of greater benefits for Ontario's financial services sectors, but also the potential for greater risk.

Internal Factors

1. FSCO's Human Capital

An aging workforce, coupled with an earlier retirement age, is a significant challenge facing the OPS. Due to recent announcements about compensation and retirement benefit changes that are scheduled for implementation in 2017, OPS retirement rates may increase in the next two years.

The generational breakdown of the OPS workforce highlights the need for strategic succession planning, knowledge transfer and skill development. FSCO's human capital planning includes strategies to identify and develop successors for critical positions.

FSCO is largely comprised of bargaining agent staff. There is relatively equal representation of Ontario Public Service Employees Union (OPSEU) members and the Association of Management, Administrative and Professional Crown Employees of Ontario (AMAPCEO) members.

2. Value-for-money Audits

On December 9, 2014, the 2014 Annual Report of the Office of the Auditor General of Ontario was tabled in the Legislative Assembly of Ontario. Section 3.03, Financial Services Commission of Ontario—Pension Plan and Financial Service Regulatory Oversight, reported on the findings of an OAGO Value for Money audit and set out nine recommendations.

The audit assessed whether FSCO had effective systems and procedures to ensure compliance with relevant legislations and its own policies established to protect the public interests and to enhance public confidence. The audit encouraged FSCO to make better use of its powers to monitor pension plans and conduct on-site examinations. It also encouraged FSCO to closely monitor the financial exposure risk of the Pension Benefits Guarantee Fund, and to strengthen its oversight and licensing of life insurance agents and the registration of co-operative corporations.

FSCO has developed action plans to respond to the recommendations.

3. Agency Mandate Review

In the 2014 Ontario Budget, the government announced it would be undertaking focused mandate reviews of government agencies. Since that time, the government has formed an expert panel to review the mandates of FSCO, the FST, and the Deposit Insurance Corporation of Ontario (DICO). The expert panel is expected to deliver its recommendations and submit its final report to the government by early winter.

In support of modernizing financial services regulation and in addition to the mandate reviews, the government has appointed an expert committee to consider more tailored regulation of financial advisers, including financial planners. The government has indicated that it will be mandating the committee to provide key recommendations and submit its final report to the government for review by early 2016.

4. International Monetary Fund Recommendations

In March 2014 the International Monetary Fund (IMF) issued its final report on Insurance Core Principles (ICP) – Detailed Assessment of Observance for the Canada Financial Sector. The IMF assessed FSCO as having a good high level of observance with the insurance core principles. It also noted that FSCO has robust accountability frameworks in place, FSCO's licensing processes are in line with international best practices, and FSCO has a well-developed framework to combat fraud. The report documented 26 recommendations to improve Observance of Insurance Core Principles in Canada. Of those 26, the following five are specifically directed at FSCO:

- FSCO be equipped with adequate resources and financial capacity to develop proactive solutions that address the size and diversity of Ontario's Federally Regulated Insurers: "Constrained by limited resources, FSCO has adopted both a reactive and industry-wide targeted approach to supervising the Federally Regulated Insurers (FRIs) based in Ontario. It is essential that FSCO be equipped with adequate resources and financial capacity to deal with the size and diversity of the Ontario marketplace."
- Develop provisions with Canada to empower provincial supervisors to issue enforceable rules by administrative means rather than through legislation.
- Limit provincial government's ability to issue policy statements to FSCO.
- Strengthen financial autonomy of provincial supervisors.
- Bring legal provisions related to public disclosure of the reasons for a removal of the Superintendent of FSCO in line with international standards.

The IMF assessment also highlighted that generally, market conduct regimes, across all jurisdictions, need to be more harmonized, transparent and consistent for groups and multi-jurisdictional insurers.

FSCO is working with provincial and territorial regulators, through the Canadian Council of Insurance Regulators (CCIR) to address the IMF's concerns before the next Financial Sector Assessment Program (FSAP) review, which is expected in 2018. FSCO will also work with the provincial and federal governments to implement the IMF recommendations.

Overview of Current and Future Activities and Projects

FSCO's 2015-18 Strategic Plan includes eighteen strategic outcomes for the three-year period. Each year FSCO identifies priorities from among its strategic outcomes to receive additional attention and build momentum towards achieving its goals and vision. In selecting priority areas, FSCO considers the external and internal environments. As the outcomes are interrelated, consideration is given to dependencies between outcomes and how best to focus efforts and resources to deliver FSCO's mandate and strategic goals. FSCO reviews and adjusts its strategic priorities annually and communicates them in its Statement of Priorities.

In 2015-16, FSCO will focus on the following eight priority areas:

- Financial services industry compliance with laws and regulations;
- Adequate disclosure of information to enable informed decisions by consumers;
- Awareness of FSCO's actions in the financial services marketplace;
- Meet or exceed internal performance standards;
- Common and integrated processes enabled by integrated technology solutions;
- Enhanced collection, use and sharing of market intelligence;
- Agile and adaptable organization; and
- Influence development of provincial, national and international regulatory policy.

The eight priority outcomes will support FSCO in achieving its goal of embedding the regulatory framework principles in all of its activities. The outcomes related to market intelligence and regulatory policy will also enable FSCO to realise its goals of continuing to promote national regulatory coordination with partners across Canada and using its expertise to influence the conversation about the financial services environment as a recognized thought leader.

This section describes FSCO's core regulatory activities and its projects and initiatives aligned with its priority outcomes.

Core Regulatory Activities

As an integrated regulator, FSCO undertakes regulatory activities governing the following sectors: insurance industry, pension plans, loan and trust companies, credit unions and caisses populaires, the mortgage brokering sector, health service providers, and co-operative corporations. FSCO uses a consistent and comprehensive risk-based approach to regulating these seven sectors. It gathers market intelligence from the sectors in order to make evidence-based decisions and focus regulatory efforts, thereby delivering regulatory services in an efficient and effective manner.

FSCO's approach to fulfilling its legislated regulatory responsibilities is outlined in greater detail in its Regulatory Framework which is posted on the FSCO website. In conducting its business, FSCO provides regulatory services to enhance public confidence in the sectors it regulates through a balanced approach to protecting consumer interests and enabling a healthy financial services marketplace.

Financial services sectors are subject to both market conduct and prudential regulation, although the specific type of regulation differs across the various sectors.

In the **insurance sector**, FSCO is primarily a market conduct regulator, supervising the treatment of consumers and the business conduct of insurance companies, agents, adjusters and health service

providers. FSCO does not oversee the conduct of independent general insurance brokers in Ontario, which are regulated by the Registered Insurance Brokers of Ontario, a self-regulatory body for insurance brokers in Ontario. The prudential regulation of most Ontario licensed insurance companies is primarily performed by the Office of the Superintendent of Financial Institutions, the federal regulator for the insurance sector.

In the **health service providers sector**, FSCO is a market conduct regulator that has the authority to license and oversee the business and billing practices of health clinics and practitioners who invoice auto insurers.

In the **pensions sector**, FSCO has both market conduct and prudential or solvency oversight, supervising the treatment of pension plan members, the security of pension plan benefits and the financial strength of pension plans.

In the **credit unions and caisses populaires sector**, FSCO is responsible for issuing licences, authorizing licensees to operate in Ontario, and in managing the market conduct of credit unions and caisses populaires. Prudential regulation is performed by the Deposit Insurance Corporation of Ontario.

In the **mortgage brokering sector**, FSCO is the market conduct regulator. There is no solvency regulator for this sector, since solvency oversight does not apply to financial services intermediaries like mortgage brokerages, brokers and agents.

Loan and trust companies and co-operative corporations are subject to market conduct regulation by FSCO.

FSCO also performs the following core regulatory activities in order to fulfil its mandate. These core activities are consistent across all the regulated sectors, complement each other as part of FSCO's comprehensive approach to regulation, and are delivered using FSCO's regulatory principles.

Regulatory Policy

FSCO advises the government on existing or potential risks and policy issues in its regulated sectors. Policy development results from extensive research, analysis and collaboration and consultations with stakeholders and the public. Effective policy development leads to informed allocation of resources and protection of public interests.

Regulatory Coordination

FSCO plays an important role in coordinating regulatory efforts at a national level. Canadian regulators work together to coordinate activities, share information where necessary, proactively identify emerging trends and risks, look for harmonized approaches, reach consensus around solutions for common problems, and provide solutions and guidance on regulatory matters applicable to multiple jurisdictions across the country.

Coordination minimizes unnecessary duplication, potential delays related to regulatory processes, and regulatory costs through joint projects and resource sharing. FSCO works closely with other regulators, as needed, in order to achieve its legislative mandate.

Licensing and Registration

By law, individuals and businesses require licences or registrations from FSCO in order to conduct certain activities within the regulated sectors. Licensing ensures that only qualified and suitable licensees conduct business. Similarly, pension plans must be registered with FSCO. Licensing and registration allow for

supervision of the regulated sectors in order to protect financial services consumers and pension plan members.

Filings and Applications

Once licensed or registered, regulated entities are required, by law, to submit information to FSCO on a regular basis. Certain transactions in the regulated sectors require FSCO's approval, and regulated entities must follow filing and application procedures to obtain approval. FSCO's ability to request information is an effective regulatory tool. The information FSCO gathers at both the entity and aggregate (systemic) levels is used to develop proactive supervisory strategies, including monitoring and compliance activities.

Monitoring and Compliance

Monitoring and compliance are important ongoing supervisory activities. FSCO assesses whether regulated entities comply with the law through various monitoring activities. In addition to addressing specific cases of non-compliance, FSCO focuses on monitoring the degree of compliance in the regulated sectors as a whole. FSCO takes a risk-based approach to regulation and uses monitoring to track the overall potential negative impact that non-compliance can have on regulatory outcomes.

Enforcement and Intervention

FSCO influences conduct in the regulated sectors through different and progressive strategies including, but not limited to: education, partnering with stakeholders, compliance reviews, targeted examinations, intervention, and ultimately enforcement. FSCO employs appropriate enforcement action for entities that fail to comply with the law.

Alignment with Internationally Recognized Core Principles of Supervision

The International Association of Insurance Supervisors and the International Organisation of Pension Supervisors have published core principles for the effective supervision of the insurance and pension sectors. These core principles prescribe the essential elements of a supervisory regime that provide an adequate level of protection for policyholders and pension plan beneficiaries, and promote a financially sound insurance and pension sector. FSCO works to align its regulatory activities with these internationally recognized core principles.

Special Purpose Funds and Dispute Resolution Services

FSCO's legislative responsibilities also include:

- Administering the Motor Vehicle Accident Claims Fund which is a special purpose fund used to pay claims involving automobile accidents with uninsured motorists, and hit-and-run accidents where no insurance is available. The fund provides compensation to people injured in automobile accidents when no automobile insurance exists to respond to the claim and enforces repayment to the province, of monies paid out from the fund, from those individuals found at fault by the courts.
- Administering the Pension Benefits Guarantee Fund which provides protection to Ontario members and beneficiaries of privately sponsored single-employer defined benefit pension plans in the event of plan sponsor insolvency.
- Providing Dispute Resolution Services which include mediations, arbitrations and appeals of disputes between claimants and insurance companies with respect to statutory accident benefits. Following a review of the dispute resolution system, the Ontario government passed legislation that will move dispute resolution services from FSCO to the Ministry of the Attorney General's

(MAG) Licence Appeal Tribunal, which will begin accepting accident benefit dispute applications on April 1, 2016.

Priority Projects and Initiatives

The following provides a snapshot of priority projects and initiatives aligned to FSCO's Strategic Outcomes. Details of specific projects are included in the Implementation Plan section. As part of FSCO's performance measurement framework, FSCO will measure how well it delivers on its eight priority strategic outcomes for fiscal year 2015-16.

Ensure financial services industry compliance with laws and regulations

In the 2015 Ontario Budget, the government committed to strengthening the financial services sector, protecting investors and consumers, and bolstering the stability and efficiency of financial markets. This is achieved through periodic reviews of legislation and regulations, and proactive regulatory improvements that help ensure industry compliance in an evolving marketplace. In the next year, FSCO will be working with the Ministry of Finance to support the implementation of regulatory initiatives and ensure financial services industry compliance.

In 2015-16, FSCO will continue to assist the Ministry of Finance in supporting Parliamentary Assistant Laura Albanese's five-year statutory review of the *Credit Unions and Caisses Populaires Act, 1994*, and will support the implementation of recommendations from the five-year review of the *Mortgage Brokerages, Lenders and Administrators Act, 2006*.

In addition, FSCO will advise and support the Ministry of Finance, as required, on the implementation of pension initiatives such as proposed legislation to allow Pooled Registered Pension Plans, and a new framework for converting or transferring an existing single employer pension plan to a jointly sponsored pension plan.

FSCO will be a key driver in the implementation of the auto insurance reforms announced in the 2015 Ontario Budget aimed at reducing costs and enhancing consumer protection in the auto insurance system. Over the next year, FSCO will work with industry and other system stakeholders to facilitate effective and timely implementation of reform measures.

FSCO is also providing support to the Ministry of Finance and the Ministry of the Attorney General in the work to transfer the dispute resolution system to the Licence Appeal Tribunal, as set out in the *Fighting Fraud and Reducing Automobile Insurance Rates Act, 2014*.

In 2014, the government amended the *Insurance Act* to require that long-term disability benefits are to be paid under an insurance contract that is undertaken by a licensed insurer.

Finally, FSCO and Canada's other insurance regulators are working with the Canadian Insurance Services Regulatory Organizations (CISRO) on a harmonized effort to ensure that life insurance agents are financially literate and well-prepared to comply with regulatory laws and regulations. FSCO and other regulators are combining two life insurance agent qualification programs into one standardized qualification program to be implemented across Canada, in January 2016.

FSCO will ensure that it delivers the necessary regulatory activities in support of these initiatives, so that regulated entities understand their obligations under the law and are able to comply with them.

Provide adequate disclosure of information to enable informed decisions by consumers and pension plan members

In the financial services industries, it is important that regulated entities provide consumers and pension plan members with access to accurate, relevant, and timely information, so that they are able to make informed decisions about their financial services. FSCO works to support this goal by providing guidance on how regulated entities should provide services to consumers and pension plan members; and by providing consumers and pension plan members with information on the financial services marketplace.

In 2012, FSCO procured consulting services of scientists and medical experts to develop an evidence-based protocol for minor injuries. The new protocol may form the basis of a new Superintendent Minor Injury Guideline and Minor Injury Treatment Protocol. This protocol was among the initiatives referenced in the 2015 Ontario Budget to ensure that insurance coverages reflect the most relevant scientific and medical knowledge on identifying and treating injuries from auto accidents. The protocol could be used by health care providers and insurers when treating minor injuries resulting from automobile accidents, and to ensure that there is an extensive continuum of care based on current scientific and medical evidence. In January 2015, FSCO received the report from the consultants; it is now being reviewed and translated, and will be consulted on later this year.

As financial services consumers and pension plan members increasingly deal with complex products and services, there is also a need to enhance awareness about the financial marketplace. In 2015, FSCO will continue to distribute consumer protection and fraud prevention information, and will also provide enhanced information to pension plan members about their plans and their plan performance.

Raise awareness of FSCO's actions in the financial services marketplace

FSCO works to inform stakeholders and consumers about its actions in the regulated sectors and marketplace. FSCO's communication of its regulatory activities and functions supports compliance and consumer protection and education; and it benefits financial services consumers, pension plan members, and regulated entities.

In December 2014, FSCO began to licence and regulate health service providers that receive direct payment from auto insurers for specified statutory accident benefits. The new regulatory regime was launched to protect consumers from fraudulent billing practices in the sector and is a component of the government's auto insurance cost and rate reduction strategy. As the sector enters its first year as a regulated area, FSCO will continue to ensure compliance with the law through pro-active communications outreach and supervisory practices.

FSCO will also continue to issue bulletins and news releases to keep stakeholders and consumers up-to-date on its actions, and meet with stakeholders to update them on regulatory developments. The level of awareness of these activities will promote compliance and increased consumer protection in the regulated sectors.

Meet or exceed internal performance standards

FSCO measures success in relation to meeting its overarching mandate of providing regulatory services that protect the public interest and enhance public confidence in the regulated sectors. FSCO's key performance measures include industry compliance levels, consumer and licensee satisfaction, consumer complaint resolutions, and adherence to all FSCO and Ontario Public Service standards. FSCO is examining its key performance measures and will align them with the 2015-18 strategic plan priorities, and establish a framework that ensures FSCO meets or exceeds them.

Create common and integrated processes enabled by integrated technology solutions

To efficiently deliver regulatory activities, FSCO is working on introducing common and integrated processes across the organization. FSCO has concluded an Enterprise Business Architecture Project, from which a capital investment strategy will be advanced to build the technology solutions and establish these processes. In 2014, FSCO's Enterprise Development Project prototyped an automated business solution, including business-wide common components for the service provider regulatory regime. The implementation of these integrated processes and platforms will support more complete data gathering, enhanced information analysis, better internal controls, and improved risk assessments to help bolster consumer protection.

In a separate initiative, FSCO is working with regulators across Canada and the Mortgage Broker Regulators' Council of Canada to introduce a common database to share information on disciplinary decisions and regulatory actions taken against licensed mortgage brokers across Canada. The database will enhance information sharing and coordination among regulators, and allow FSCO to use the information in order to assess cross-jurisdictional activity that poses risks in the Ontario marketplace.

Enhance the collection, use, and sharing of market intelligence

To be a responsive supervisory regulator, it is important for FSCO to have the information it needs to understand changes in how the regulated sectors function and how consumers and pension plan members are treated. FSCO collects market intelligence, and uses this information to identify areas that need greater regulatory focus.

FSCO is working to put in place data-sharing agreements with industry organizations and other regulators, and to leverage the appropriate forums for information collection and sharing. FSCO will use the data to support its regulatory decision making, the identification and monitoring of trends and risks in the marketplace, and the provision of specific recommendations to government on regulatory approaches.

Be an agile and adaptable organization

As an integrated regulator, it is important for FSCO to have the organizational capacity to be flexible and forward-looking in delivering financial services regulation in a changing environment. To do so, FSCO will focus on building internal capacity by implementing a professional staff development program, promoting skill and knowledge transfer, developing succession management plans, and delivering effective staff engagement strategies. This focus on staff development will position FSCO to better provide expert regulatory services that keep pace with an evolving marketplace.

Influence the development of provincial, national, and international regulatory policy

FSCO is part of a broader regulatory environment that includes other federal and provincial regulators, as well as industry and consumer stakeholders from Ontario and around the world. FSCO prioritizes cooperation among regulators, and will continue to play a leadership role in regulatory coordination. FSCO will work with other regulators to promote national approaches and regulatory harmonization where appropriate, share information across jurisdictions, and provide solutions and guidance on regulatory matters across Canada.

As part of this effort, FSCO is a member and host of the following national organizations that promote regulatory coordination and harmonization among provincial authorities responsible for regulating pensions, insurance, and mortgage brokering:

- Canadian Association of Pension Supervisory Authorities (CAPSA);
- Canadian Council of Insurance Regulators (CCIR);
- General Insurance Statistical Agency (GISA); and the
- Mortgage Broker Regulators' Council of Canada (MBRCC).

FSCO is also a member of the Canadian Automobile Insurance Rate Regulators Association (CARR) and the Canadian Insurance Services Regulatory Organizations (CISRO).

These organizations facilitate cooperation among regulators, enhance information sharing, and conduct joint regulatory initiatives. Their work helps ensure consumers benefit from similar levels of protection across Canada, and reduces the regulatory burden for industry participants that are active across provinces.

FSCO will work with other pension regulators through CAPSA to continue efforts to have the CAPSA multi-lateral agreement adopted and implemented by jurisdictions other than Quebec and Ontario, which have already adopted and implemented the agreement. FSCO will also work with other regulators through CAPSA to review pension plan governance guidelines, alternative plan designs and longevity risk transfer products.

Through CCIR, FSCO will work with Canada's other insurance regulators to implement the international standards for market conduct supervision that were developed by the International Association of Insurance Supervisors.

Through CCIR's committee on E-Commerce, FSCO will address issues arising from the growing use of technology, for example, electronic "pink" cards, telematics, claims handling, underwriting and data collection.

FSCO will also work with CCIR to examine the travel insurance industry, assess regulatory arbitrage in segregated funds, and review property insurance policy wording related to natural disaster coverage for consumers.

In the area of auto insurance, FSCO and GISA will continue to improve the harmonized collection and reporting of accurate, timely and relevant data and to support regulators in monitoring and responding to the evolving marketplace.

Through the MBRCC, FSCO will collaborate with other mortgage broker regulators to develop national licensing course standards to ensure that competency requirements are implemented consistently across the provinces. FSCO will also support the MBRCC in the development of a disciplinary database, and the MBRCC's work related to product suitability.

These and other initiatives allow FSCO and other regulators to keep apprised of regulatory and industry developments, and to develop and influence harmonization efforts that improve regulation across the country.

Implementation Plan

This implementation plan explains how FSCO plans to carry out its strategies and major initiatives over the next three years. FSCO aims to provide its regulatory services seamlessly while adapting to any changes to its mandate or the regulatory environment.

Table 1 outlines FSCO's operational projects and their alignment to FSCO's Strategic Outcomes.

Table 1: Operational Projects Aligned to Strategic Outcomes

Project	Description	2015-16	2016-17	2017-18
Strategic Outcome: Financial services industry compliance with laws and regulations				
Long-term Disability Insurers Regulation Project	The 2014 Ontario Budget Bill added section 115.1 to the Insurance Act. It requires long-term disability benefits in Ontario (as defined) to be paid under an insurance contract that is undertaken by a licensed insurer. FSCO will: • work with the Ministry of Finance to develop related regulations; and • establish a new line of business to regulate this area.			
Market Regulation Branch Operational and Supervisory Framework	• Phase 1 – develop and implement the FSCO regulatory framework. • Phase 2 – modernize the Market Regulation Branch's market conduct policies and procedures to provide a more consolidated and consistent approach to compliance. This includes knowledge and information management, within FSCO's Licensing and Market Conduct Division.			
Auto insurance cost & rate reduction strategy	• Assist the Ministry of Finance in developing legislation and regulations to reduce auto insurance costs and rates. • Order auto insurers to file insurance rates and other filings that reflect any new reforms. • Implement any new auto insurance reforms approved by the government. • Implement 3 Year Review recommendations as directed by the government.			
Harmonized Life Licence Qualification Program	Implement a harmonized life licence qualification program across Canada to improve consistency and efficiency.			

Project	Description	2015-16	2016-17	2017-18
Transition of dispute resolution services to the Licence Appeal Tribunal	Following a review of the dispute resolution system, the Ontario government passed legislation that will move dispute resolution services from FSCO to the Ministry of the Attorney General's (MAG) Licence Appeal Tribunal. In the next three years, FSCO will: • assist the Ministry of Finance and MAG in transitioning these services to the Licence Appeal Tribunal; and • continue to provide dispute resolution services on the files remaining at FSCO, following the transition date.			
Strategic Outcome: Adequate disclosure of information to enable informed decisions by consumers				
Minor Injury Treatment Protocol Project implementation	• In 2012, FSCO retained a consultant to analyze current scientific and medical literature, to develop a new protocol that could be incorporated into a Superintendent's guideline that would be used when treating commonly occurring injuries from an auto accident. • The final report was received on December 31, 2014. The next steps are to conduct an analysis on the implications of the report's recommendations. FSCO will work with the Ministry of Finance on this issue as there may be impacts to existing Regulations. Consultations with other ministries and stakeholders will follow.			
Strategic Outcome: Awareness of FSCO's actions in the financial services marketplace				
Work with stakeholders to reduce auto insurance fraud: Auto Insurance Anti-Fraud Task Force	FSCO will continue to implement the balance of the Anti-Fraud Task Force Report recommendations. Particular attention will be attributed to: • continuing to license service providers; • developing four information-sharing agreements with the Canada Revenue Agency (CRA), Workplace Safety and Insurance Board (WSIB), Ontario Disability Support Program (ODSP) and Ontario Health Insurance Plan (OHIP); • increasing collaboration with related regulators (for example, with the Law Society of Upper Canada on matters of common interest, e.g., lawyers operating in the auto insurance sector); and • identifying cost drivers related to fraud in the auto system.			

Project	Description	2015-16	2016-17	2017-18
Strategic Outcome: Meet or exceed provincial agency standards				
Accessibility for Ontarians with Disability Act (AODA) & OPS Service Directive implementation	• Develop policies and processes to operationalize the AODA requirements at FSCO, and ensure continued compliance with the Customer Service Standard (O. Reg. 429/07) of the AODA. • Implement the requirements of the Integrated Accessibility Standards Regulation.			
Memorandum of Understanding	• Conduct a full review of the Memorandum of Understanding between the Minister of Finance and the Chair of FSCO and FST, and the Chief Executive Officer and Superintendent of Financial Services, before it expires. • Revise and renew the Memorandum of Understanding.			
Implement Value-for-Money Audit recommendations: Licensing and Market Conduct Division	FSCO's Licensing and Market Conduct Division (LMCD) will be the FSCO lead in addressing recommendations from the 2014 Auditor General's Value-for-Money Audit on Pension Plan and Financial Service Regulatory Oversight.			
Implement Value-for-Money Audit Recommendations: Pension Division	FSCO will implement the recommendations that were provided in the 2014 Auditor General's Value-for-Money Audit on Pension Plan and Financial Service Regulatory Oversight, by doing the following: • Analyzing and identifying the factors that affect the funding status of defined benefit pension plans, to identify possible strategies that may mitigate financial risks to stakeholders. • Assessing the PBGF's financial risk exposure and using this information to recommend further changes to the legislation that address the sustainability of the PBGF. • Working with the Ministry of Finance to ensure that the Superintendent has sufficient powers and authority to effectively monitor and regulate the administration and solvency of pension plans. • Incorporating the plan examination process into the risk-based regulation framework so that it provides an effective level of assurance to plan members. • Working with the Ministry of Finance to ensure that pension plan members get more detailed disclosures about their pensions.			

Project	Description	2015-16	2016-17	2017-18
Strategic Outcome: Common & integrated processes enabled by integrated technology solutions				
Enterprise Business Architecture Project (EBAP)	Complete Business Case activities to finalize business reference model for regulatory integration. Develop detailed "artifacts" required for Treasury Board (TB)/Supply Chain Leadership Council (SCLC) submission. Develop the investment opportunities. Relate the investment opportunities to the day to day responsibilities.			
Enterprise Development Project (EDP)	The Enterprise Development Project (EDP) will provide consumers and stakeholders integrated, easy-to-use, and seamless access to services. EDP is a move to give external stakeholders one window access for all of their dealings with FSCO.			
Access to disciplinary information for licensed mortgage brokers	Create an online, searchable database of disciplinary decisions and regulatory action taken against licensed mortgage brokers in Canada.			
Information Management Project	Create an Information Management Program that is intended to address weaknesses, educate staff and modernize the management and governance of our information assets. In the long-term, this program will move the organization to an Enterprise Information Management system.			
Strategic Outcome: Risk-based approach embedded in all activities				
Risk-Based Regulation: Pension Division	• Continue to implement the risk-based regulatory framework. • Operationalize, based on completed pilot programs, the processes for Tier 1 risk assessments, and continuing to develop the risk indicator tool. • This tool will include data which will allow FSCO to assess and monitor the financial health of plan sponsors and the industry sectors in which they operate and, in turn, also allow FSCO to assess in a timely manner the ability of plan sponsors to continue funding the pension plan in accordance with the PBA.			
Review of FSCO's Internal Standing Committee	Develop recommendations for an internal standing committee structure for FSCO. This review will assess the roles and responsibilities, information sharing, accountability and membership for each internal standing committee. It will also identify committee linkages and similarities, and will result in an overall committee structure to support FSCO's decision making processes and accountability.			

Project	Description	2015-16	2016-17	2017-18
Strategic Outcome: Agile and adaptable organization				
Strategic Professional Development Program	A Strategic Professional Development Program was identified as an operational outcome in FSCO's 2015–18 Strategic Plan. It is closely related to FSCO's Learning Curriculum. In the next year, FSCO will: • Develop the objectives and scope of the program in consultation with FSCO's management and staff.	●		
Succession Management Strategy	Create a succession management strategy that will ensure continuity in key positions, and enable the organization to develop and retain leadership capacity for the future.	●		
Strategic Outcome: Influence development of provincial, national & international regulatory policy				
CAPSA Multi-Lateral Agreement Implementation	Manage and coordinate the implementation of a new agreement to establish clear rules for the administration and regulation of multi-jurisdictional pension plans.	●	●	●
CAPSA Pooled Registered Pension Plans Framework	Manage and coordinate CAPSA's efforts related to the implementation of the framework for Pooled Registered Pension Plans (PRPPs).	●		
CAPSA Pension Plan Governance Review	Undertake a review and determine if revisions need to be made to CAPSA's Pension Plan Governance Guidelines and Self-Assessment Questionnaire.	●		
CAPSA Longevity Risk Initiative	Examine and recommend regulatory coordination on longevity risk transfer products.	●		
CCIR[1] Market Conduct Co-operative Supervisory Framework Initiative	Develop a supervisory framework that is based on shared responsibility, where members of the Canadian Council of Insurance Regulators (CCIR) will work together in a manner similar to a supervisory college.	●	●	●
CCIR Property Insurance Review Initiative	Review property insurance policy wording and disclosure issues relating to natural disaster coverage.	●	●	
CCIR Segregated Funds Review Initiative	Review the regulatory landscape for segregated funds and assess potential regulatory arbitrage.	●	●	
CCIR Travel Insurance Review Initiative	Review the travel insurance industry. This includes the activities of call center support providers, policy wording and pre-existing condition exclusions, and the adequacy of information that is being provided to consumers for both in-person and online sales.	●	●	

[1] **The Canadian Council of Insurance Regulators (CCIR)** is an inter-jurisdictional association of insurance regulators. CCIR's mandate is to facilitate and promote an efficient and effective insurance regulatory system in Canada to serve the public interest.

Project	Description	2015-16	2016-17	2017-18
GISA[2] Data Management Initiative	Develop a proactive approach for reviewing data requirements for the General Insurance Statistical Agency (GISA). Expand access to data for both GISA and regulators, and increase staff expertise with query and reporting tools. Review the current and future expected use and impact of new variables on data collection and reporting. Establish mechanisms for responding to changing requirements for data collection by regulators.			
GISA Service Provider Management Initiative	• Establish a framework for authorization and oversight of third parties that use GISA's data. • Enhance control over Statistical Service Provider operations related to GISA, including data, systems and processes.			
MBRCC[3] Licensing Course Design and Delivery Standards	• Create national standards that govern licensing course design and delivery standards for the mortgage brokering industry.			
MBRCC Product Suitability	• Research and analyze regulatory requirements in other countries governing the activities of mortgage brokers, as they relate to product suitability. • Conduct a survey to identify the current practices of mortgage brokers in Canada.			

[2] **The General Insurance Statistical Agency (GISA)** was appointed in April 2006 to carry out the activities of a statistical agent on behalf of nine participating insurance regulatory authorities across Canada. As a federally incorporated, not-for-profit corporation, GISA provides governance, accountability and oversight of the mandated statistical information for the participating jurisdictions.

[3] FSCO is a member of the **Mortgage Broker Regulators' Council of Canada (MBRCC)** – an inter-jurisdictional association of mortgage broker regulators in Canada. MBRCC's mandate is to improve and promote the harmonization of mortgage broker regulatory practices across Canada to serve the public interest.

Performance Measures

FSCO's performance measurement framework articulates the agency's goals into actionable outcomes that can be measured and refined over time.

FSCO measures success in relation to its overarching mandate of providing regulatory services that protect the public interest and enhance public confidence in the regulated sectors. Key indicators of success can be found in FSCO's evaluation of targeted industry compliance, consumer and licensees satisfaction, communications to consumers and licensees, consumer complaints resolution, and adherence to all FSCO and OPS service standards.

As part of FSCO's 2015-18 Strategic Plan, FSCO is examining its key performance measures.

FSCO is continuing to establish a Performance Measurement Framework to ensure that it:

- Creates performance measures which align to its new strategic plan;
- Provides greater transparency, accountability and value-for-money;
- Measures what it does and focuses on results that matter;
- Defines success and delivers on its goals; and
- Incorporates Ontario Public Service performance measurement guidelines that focus on "Efficiency", "Effectiveness" and "Customer Satisfaction."

FSCO performance measures and targets are monitored/reported and tracked on a quarterly and annual basis.

FSCO's current performance measures are provided in Table 2.

Table 2: FSCO's Performance Measures

Measure	Definition	2015-18 Target
Targeted Industry Compliance	**An average measure of compliance with legislation targeting in-year priorities that will evolve year-over-year per FSCO's enterprise risk-based approach.**	
	• Pension Sector: Compliance with prescribed timelines for Annual Information Returns (AIRs)	**95%**
	• Mortgage Brokering AIR Compliance Rate as of March 31	**95%**
	• Auto Insurance Sector: % compliance with approved automobile insurance rates using an established rate verification process.	**95%**
Service Standard Performance	**% of complete and compliant DB Pension Applications reviewed and approved in accordance with timeliness standards.**	
	• Surplus 150 days	**100%**
	• Wind up 120 days	**100%**
	• Transfer of assets 120 days	**100%**
	• Refund of employer overpayment 90 days	**100%**
	• Refund of member contributions 60 days	**100%**
	% of complete and compliant DC Pension Applications reviewed and approved in accordance with timeliness standards.	

Measure	Definition	2015-18 Target
	• Surplus 120 days	100%
	• Wind up 60 days	100%
	• Transfer of assets 60 days	100%
	• Refund of employer overpayment 60 days	100%
	• Refund of member contributions 30 days	100%
	Application for Private Passenger Auto Insurance Rate and Risk Classification Filings	
	• Simplified Filings	90%
	• Standard Filings	90%
	• Comprehensive Filings	90%
	• Complex Filings	90%
	Applications for Third Party Liability Claims	
	• Accurately completed Form 1 (payment under section 7) applications will be reviewed and processed within 20 days	85%
	Insurance Agent Applications	
	• % of complete insurance agent licence applications that meet all suitability requirements reviewed and approved.	100% within 5 days
	Sectoral Complaints	
	• Complaints will be acknowledged within 5 business days	100%
	• Complaints regarding one of the sectors that FSCO regulates concluded in 75 days	80%
	• Complaints regarding one of the sectors regulated to be concluded in 150 days	90%
	• Complaints regarding one of the sectors regulated to be concluded in 365 days	99%
	Quality Service Complaints	
	• Complaints received in writing or through FSCO's website will be acknowledged within 5 business days	100%
	• Complaints received in person or by telephone will be acknowledged within 2 business days	100%
	• Complaints will be concluded within 15 business days	100%
	Common Service Standards	
	• Your call will be answered by the third ring during core business hours	100%
	• All calls will be returned by the next business day	100%
	• Correspondence will be answered within 15 working days of receipt	100%

Measure	Definition	2015-18 Target
	• If a conclusive response is not possible within the standard time, an interim acknowledgement will be provided within 5 business days of receipt	100%
	Examinations	
	• Final examinations reports will be issued within 30 working days of the completion of a routine examinations	95%

Risk Identification, Assessment and Mitigation Strategies

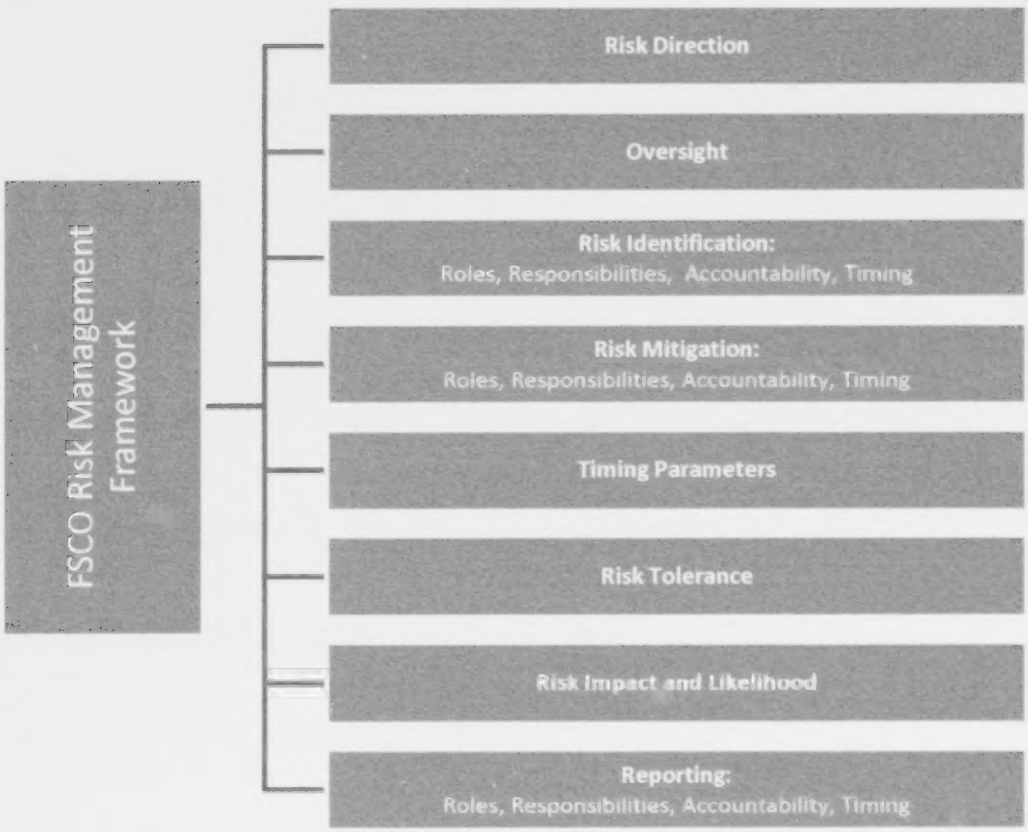
In 2012, FSCO implemented formal risk management practices with the introduction of its Risk Management Framework and Risk Management Plan. FSCO's Risk Management Plan identifies 10 corporate risks that are aligned to FSCO's 2015–18 Strategic Plan.

Risk Management Framework

FSCO's risk management practices are governed by its Risk Management Framework, summarized in Figure 1. The purpose of the framework is to create structure to ensure risk is managed in a timely manner and at the appropriate level. FSCO's framework establishes:

- Objectives of the Risk Management Plan;
- Risk governance and oversight;
- Roles, responsibilities and accountability for risk identification and mitigation activities;
- Risk monitoring and reporting protocols;
- Monitoring and mitigation escalation protocols; and
- Guidelines for risk likelihood and assessing a risk's impact.

Figure 1



Residual Risk Assessment

FSCO's 10 corporate risks correspond with the Ontario Public Service's six risk categories, as required by the Agencies and Appointments Directive (AAD). FSCO conducts reviews of its risks semi-annually and has a full complement of mitigating controls and actions plans to ensure FSCO achieves its strategic objectives. FSCO conducts a residual risk assessment in accordance with its Risk Management Framework. (Residual risk is the risk that remains after all mitigating controls have been considered). FSCO's risk plan has no high residual risks in 2015 and based on current risk tolerances FSCO has no expected high residual risks through to 2016.

Table 3: 2015–16 Residual Risk Assessment

#	Corporate Risk	AAD Risk Category	2015-16 Residual Risk	Corporate Risk Mitigation Strategy
1	Ineffective financial management (including procurement)	Accountability/ Governance/ Operational	Medium	Continue to modify FSCO's financial management practices to keep pace with financial management best practices.
2	Ineffective corporate governance and oversight of internal operations	Accountability/ Governance/ Operational	Medium	Continue to document and monitor internal processes, respond to audit recommendations, and improve oversight of operations using international regulatory best practices.
3	Unable to make use of the existing information technology tools in a cost effective manner	Information Technology & Infrastructure	Low	Continue to develop an enterprise technology solution to replace existing legacy systems.
4	Lack of skills and capacity, and ineffective use of human resources to carry out FSCC's mandate	Workforce	Low	Continue to identify, develop and recruit key skills, knowledge and capacity requirements for critical positions.
5	Ineffective stakeholder and public communication engagement	Strategic	Low	Continue to seek, evaluate and respond to feedback from the public and stakeholders. FSCO will continue to increase its transparency and communication of core regulatory functions.
6	Insufficient business intelligence & failure to be proactive with marketplace policy	Strategic	Medium	Continue to establish mechanisms to interact with stakeholders, other regulators, and the market to gather information and implement processes to integrate information into FSCO's regulatory decision making.
7	Inadequate MVACF funding	Accountability/ Governance	Low	Continue to conduct rigorous reviews to ensure only legitimate claims are paid. Continue to conduct routine monitoring of the fund and alert the government of funding issues.

#	Corporate Risk	AAD Risk Category	2015-16 Residual Risk	Corporate Risk Mitigation Strategy
8	Inadequate PBGF funding	Accountability/ Governance	Medium	Continue to conduct rigorous reviews to ensure only legitimate claims are paid. Continue to conduct routine monitoring of the fund and alert the government of funding issues.
9	Ineffective strategic and operational planning	Accountability/ Governance	Low	Continue to implement processes to ensure alignment with FSCO's mandate and strategic direction.
10	Ineffective protection of FSCO Resources	Other	Low	Continue to assess and monitor business operations to identify potential threats to safety, security and business continuity.

Resources Required to Achieve Outcomes

This section summarizes the resources FSCO has to carry out its mandate.

Financial Outlook

FSCO reports to the government under Section 15 of the Financial Administration Act (FAA), which requires that at the end of each fiscal year FSCO's expenses equal the revenues that have been collected.

An annual spending authority, operating budget appropriation and a capital asset appropriation are requested by FSCO through the government's Program Review, Renewal and Transformation (PRRT) exercise.

Spending Authority Outlook

Table 4 provides FSCO's spending authority outlook by major expense type, as well as the number of full-time staff, which are referred to as Full-Time Equivalents (FTEs).

FSCO's total for FTEs does not include legal services staff, as they are employees of the Ministry of the Attorney General. These staff play a significant role in helping FSCO discharge its regulatory responsibilities, particularly in the areas of litigation and enforcement. FSCO's 2015–16 spending authority for legal staff costs is $5,389,500.

Table 4: FSCO's 2015–18 FTE Cap & Spending Authority Outlook by Major Expenditure Type ($000)

Expenditure Type	Average % Change Year-over-Year for 2015-18	2015-16 ($)	2016-17 ($)	2017-18 ($)	2015-16 over 2014-15	2016-17 over 2015-16	2017-18 over 2016-17
FTEs[4]		487.33	484.33	471.33			
Salaries and Wages	0.0%	42,292.5	42,292.5	42,292.5	-4.5%	0.0%	0.0%
Benefits	0.0%	9,820.2	9,820.2	9,820.2	0.0%	0.0%	0.0%
Total Salaries and Benefits	0.0%	**52,112.7**	**52,112.7**	**52,112.7**	-3.7%	0.0%	0.0%
Transportation and Communication	-0.6%	912.7	902.7	902.7	-3.6%	-1.1%	0.0%
Services	-13.2%	55,337.5	49,221.8	41,702.5	17.9%	-11.1%	-15.3%
Supplies and Equipment	-0.9%	565.8	555.8	555.8	-24.7%	-1.8%	0.0%
Total ODOE[5]	**-12.8%**	**56,816.0**	**50,680.3**	**43,161.0**	**16.8%**	**-10.8%**	**-14.8%**
Total DOE[6]	**-6.5%**	**108,928.7**	**102,793.0**	**95,273.7**	**6.0%**	**-5.6%**	**-7.3%**

[4] FTEs = the number of full-time equivalent staff that are employed by FSCO.
[5] Total ODOE = Total other direct operating expenditures.
[6] Total DOE = Total direct operating expenditures.

Table 5 sets out FSCO's spending authority outlook for 2015–18.

Table 5: FSCO's 2015-18 Spending Authority Allocation Outlook ($000)

Transaction Type	Requested Spending Authority ($)			Year-Over-Year % Increase / (Decrease)		
	2015-16	2016-17	2017-18	2015-16 over 2014-15	2016-17 over 2015-16	2017-18 over 2016-17
Expenses	108,928.7	102,793.0	95,273.7	6.0%	-5.6%	-7.3%
Recoveries	106,440.1	100,304.4	92,785.1	6.2%	-5.8%	-7.5%
Net Operating (Expenses)/Revenues	**(2,488.6)**	**(2,488.6)**	**(2,488.6)**	**0.0%**	**0.0%**	**0.0%**

Note: This is a projection based on available information for contracts, historical spending patterns, and inflation factors and will be finalized at the end of each fiscal year.

FSCO's Net Operating Expenses

FSCO recovers the majority of its expenses through a combination of fees, assessments of the regulated sectors and through internal recoveries. However, a voted operating appropriation is required to cover expenses that are not recovered from the regulated sectors and to offset year-end accounts receivable balances to ensure compliance with Section 15 of the FAA. Table 6 provides details on FSCO's budget appropriation outlook for the next three years.

Table 6: FSCO's 2015–18 Budget Appropriation Outlook ($000)

	2015-16 ($)	2016-17 ($)	2017-18 ($)
Co-operatives Sector Support	500.0	500.0	500.0
Offset for Uncollected Accounts Receivable, Section 15	1,988.6	1,988.6	1,988.6
Total:	**2,488.6**	**2,488.6**	**2,488.6**

Co-operative Sector Support

The Ontario co-operatives sector has evolved to include community based renewable energy co-operatives, which have driven up the annual cost to regulate the sector. As noted in the OAGO's report recommendations, this sector requires significant policy work and the costs are considerably affected by the government's green energy policy, as well as the willingness and ability of the Ministry of Environment to fund legal costs by co-operatives to develop offering statements. Since annual assessments on the co-operatives sector are not provided for in FSCO Act regulations, there is usually a disparity between the actual cost to regulate the sector and the budget appropriation. The cost to regulate the co-operatives

sector for 2015–16 is currently $500,000. However, if the cost to regulate the sector exceeds $500,000, the shortfall must to be funded internally by FSCO.

Accounts Receivable Shortfall

FSCO receives an annual interim spending authority under Section 15 of the FAA to cover operating expenditures that are subsequently recovered from the regulated sectors through fees and assessments. One of the mandatory requirements of this interim authority is that all of FSCO's operating costs to regulate the sectors must be recovered within the same fiscal year. Over the years, FSCO has established numerous control processes to ensure that regulated sector companies settle their invoices before the books are closed for the year. However, a small percentage usually fail to make payments on time. The appropriation of $1,988,600 is required to cover the systemic risk of not collecting all accounts receivables before the books are closed for the year.

Human Capital Plan

FSCO recognizes that people are key to its ability to respond to changes both to the internal and external environment. FSCO's Human Capital Plan addresses current and future human resources (HR) challenges and needs by building organizational capacity to support the achievement of business goals and outcomes and potential changes.

Key Human Resource Issues

FSCO's human capital planning takes into account trends in the Ontario Public Service (OPS) and Canadian HR environments.

As described in the environmental scan, there are several issues that will continue to impact FSCO's human resources, including an aging workforce and retirement rates, compensation constraints (note: FSCO follows the OPS compensation strategy), and organizational changes, including any impacts as a result of the government's review of FSCO's mandate.

These issues and trends highlight the need of building internal capacity through identifying and developing potential successors for critical positions, including knowledge transfer opportunities. A focus on staff development will position FSCO to better provide expert regulatory services that keep pace with an evolving marketplace.

Human Capital Plan Priorities

FSCO's human capital activities support the organization's ability to meet its strategic goals and outcomes. The activities directly contribute to the strategic outcome of being an agile and adaptable organization. FSCO will build its capacity to be nimble, flexible and forward-looking in delivering its mandate in the changing internal and external environment. It will do this by building a culture that embodies the principles of the regulatory framework and provides the supportive processes that promote knowledge transfer, develop transferable skills, and empower staff to make risk-based decisions.

FSCO's 2015–18 Strategic Plan identifies a number of operational outcomes that have a human capital focus. Over the next three years, the following outcomes will be key priorities:

- Implement a strategic professional development program;
- Promote skill and knowledge transfer; and
- Develop a strategic succession management plan.

Current initiatives include the development of a new corporate learning curriculum and enhancements to FSCO's succession management strategy. These activities are supported by workforce analysis and planning. Over the next three years, additional initiatives will be developed to help realize the operational outcomes that are identified in FSCO's Strategic Plan.

Information Technology Plan

The Information Technology (IT) group is responsible for FSCO's business systems development, computer networks, internet services and telephone communications needs. IT services are crucial to the delivery of services that FSCO provides to both consumers and the regulated sectors.

FSCO continues to be an innovative leader in online service delivery among its peers, across Canada. FSCO is frequently recognized as a public service innovator by way of nominations and awards in the Ontario Public Service.

In addition to being innovative and providing excellent service delivery, FSCO's IT team possesses expert knowledge of its business rules and processes, and is a true partner to the program/business areas it supports. FSCO's IT group follows a risk-based approach during the operational planning and service delivery processes to ensure IT projects and initiatives provide value to the organization. The IT group also provides security management, backup and recovery procedures to ensure the integrity and availability of all of FSCO's IT systems.

IT Priorities

The IT group has two main priorities for the next three years:

- Implementing the Enterprise Development Project (EDP)
- Implementing the Enterprise Business Architecture Program (EBAP)

FSCO has identified EDP and EBAP as opportunities that will benefit the insurance sector, pensions sector, MVACF and the FST. Both of these priorities align with FSCO's strategic outcome "common and integrated processes enabled by integrated technology solutions." The IT group's priorities also closely align with the program/business areas' priorities. In addition, these priorities focus on reducing FSCO's technology footprint and reliance on a fee-for-service consultant.

FSCO has engaged its own resources and resources from the Information and Information Technology Cluster (I&IT) at Treasury Board Secretariat (TBS) to work on an overall IT strategy for the organization through the EBAP. The EBAP initiative focuses on establishing a business framework to strengthen the capacity of the organization in delivering its regulatory and strategic outcomes by establishing consistent, efficient and integrated processes. EDP, the capital project approved by Treasury Board, is a priority component of the EBAP. EDP continues to be a top priority for FSCO, as it will integrate several aging computer platforms and databases into one comprehensive enterprise licensing and stakeholder relationship system. The focus of this project is to identify common system components to standardize business processes. FSCO will be seeking further procurement approvals.

IT Implementation Plan

Table 7 provides a list of IT projects that are related to FSCO's IT priorities, as well as a high-level implementation timeline.

Table 7: IT Implementation Plan

Name of Project	Activities	Implementation Timeline		
		2015-16	2016-17	2017-18
EBAP	• Defining the target architecture and developing an IT road map; • Defining the scope, priority and timeline of potential FSCO initiatives; • Enhancing FSCO's IT organization and capacity; • Reviewing FSCO's IT processes and procedures; and • Publishing an IT service catalogue and the associated service level agreement (SLA).			
EDP	Integrate several aging computer platforms and databases into one comprehensive enterprise licensing and stakeholder relationship system. The focus of this project is to identify common components and standardize business processes.			

Communications Plan

FSCO works to inform stakeholders and consumers about its actions in the regulated sectors and marketplace. FSCO uses an array of products and platforms to do this. Communication of its regulatory activities and functions supports compliance and consumer protection and education; and it benefits financial services consumers, pension plan members, and regulated entities.

FSCO's communications plan takes into account the overarching need to mitigate risk by enhancing the level of communication around key corporate initiatives and their associated regulatory outcomes.

Communication initiatives are aligned with the strategic outcome of awareness of FSCO's actions in the financial services marketplace and directly associated with the following operational outcomes from the 2015–18 Strategic Plan:

- Improve on-going communication with the public and stakeholders;
- Seek, evaluate and respond to feedback from the public and stakeholders;
- Increase transparency and communication of core regulatory functions;
- Design tools and use information that supports the principles of the risk-based approach; and
- Optimize research and market intelligence in support of regulatory decision-making.

As stated in the 2015 Ontario Budget, financial literacy has become increasingly important. FSCO, as well as other government agencies, have responded to this growing need by introducing and promoting financial literacy initiatives to help individuals make informed financial and investment choices.

FSCO will also continue to issue bulletins and news releases to keep stakeholders and consumers up-to-date on its actions and will meet with stakeholders to update them on regulatory news. The level of awareness of these activities help promote compliance and increased consumer protection in the regulated sectors.

Communications Initiatives

FSCO has a number of communications initiatives planned for 2015–18. Table 8 provides an overview of the key areas of focus.

Table 8: Communications Initiatives

Communications initiative/project	Planned Outcomes	2015-16	2016-17	2017-18
Auto Insurance Anti-Fraud Consumer Education and Engagement	• Partner with insurers to create an anti-fraud awareness web portal. [FSCO is part of an Anti-Fraud Awareness Implementation Group that includes the Insurance Bureau of Canada (IBC) and the Insurance Brokers Association of Ontario (IBAO).]			

Communications initiative/project	Planned Outcomes	2015-16	2016-17	2017-18
	• Participate in a sub-committee that will collaborate to develop a one-stop resource with information on what to do if you have been defrauded.	●		
	• Promote FSCO's anti-fraud resources through FSCO's Twitter account, on an ongoing basis. • Host a weekly live twitter chat (#Fraudchat) to raise awareness of anti-fraud resources.	●	●	●
	• Host an exhibit at the Canadian International Auto Show each year, to educate consumers on auto insurance fraud.	● (in February each year)	● (in February each year)	● (in February each year)
	• Participate in Fraud Prevention Month on an annual basis. Examples of potential/planned activities include: ○ media outreach ○ kick-off event (in coordination with the Toronto Police) ○ FSCO exhibit (booth, presentation & interactive activities) ○ joint FSCO/IBC presentation at the Fraud Prevention Month Symposium	● (in March each year)	● (in March each year)	● (in March each year)
FSCO Website Enhancements	• Modernize and re-design FSCO's website to ensure it is mobile-friendly and WCAG Level 2.0 AA compliant. • Provide a better web experience for individuals who access FSCO's website through tablets and smart phones.	●	●	
	• Implement new digital media services, tools and resources that will provide consumers and licensees the tools and information they need to comply with legislation, and make educated decisions about their financial well-being. Potential tools and resources include: mobile applications, videos, calculators, interactive games/quizzes, podcasts and webinars.		●	

Communications initiative/project	Planned Outcomes	2015-16	2016-17	2017-18
Enterprise Development Program (EDP)	• Execute a comprehensive communications plan for the second, third and fourth phases of FSCO's multi-year plan to develop an enterprise system solution that supports FSCO's three strategic priorities. This communications plan will focus on both internal and external communications with FSCO staff, licensees in various regulated sectors and consumers. • Communications will focus on informing FSCO staff and licensees about the new web portal and its benefits, and provide information on how to use it.			
Other Auto Insurance Communications	• Execute a strategy to communicate with Ontario drivers on new legislation, regulation or guidelines aimed at reducing auto insurance costs. • Support the Ministry of Finance and the Ministry of the Attorney General in the transition of dispute resolution services to the Licence Appeal Tribunal.			
Pensions Communications	• Support the Ministry of Finance in the development and implementation related to new legislative initiatives. • Undertake to develop communications with respect to Pooled Registered Pension Plans.			
Mortgage Brokering Communications	• Produce new multi-media communication resources to communicate important information to the mortgage brokering sector, to ensure they are compliant with the MBLAA and regulations (e.g., Annual Information Returns, licensing renewals, errors and omissions insurance, enforcement activity).			

Communications initiative/project	Planned Outcomes	2015-16	2016-17	2017-18
Service Provider Communications	• Institute regular communications for the service provider sector on best practices and deadlines for compliance and FSCO's program to appraise market conduct. • Produce new multi-media communication resources to foster maturation of service provider licensing and regulation realm and to advance acceptance and understanding of requirements by the service provider community.			
Communications on the New Long-term Disability Insurance Benefits Regulations	• Support the Ministry of Finance in developing and implementing the proposed new regulatory regime to ensure all Ontario businesses understand their obligations under section 115.1 of the Insurance Act. This work includes strategic communications to insurers, intermediaries, advisors, employers and workers to be impacted by the new regulations.			

The Motor Vehicle Accident Claims Fund (MVACF)

MVACF's Responsibilities

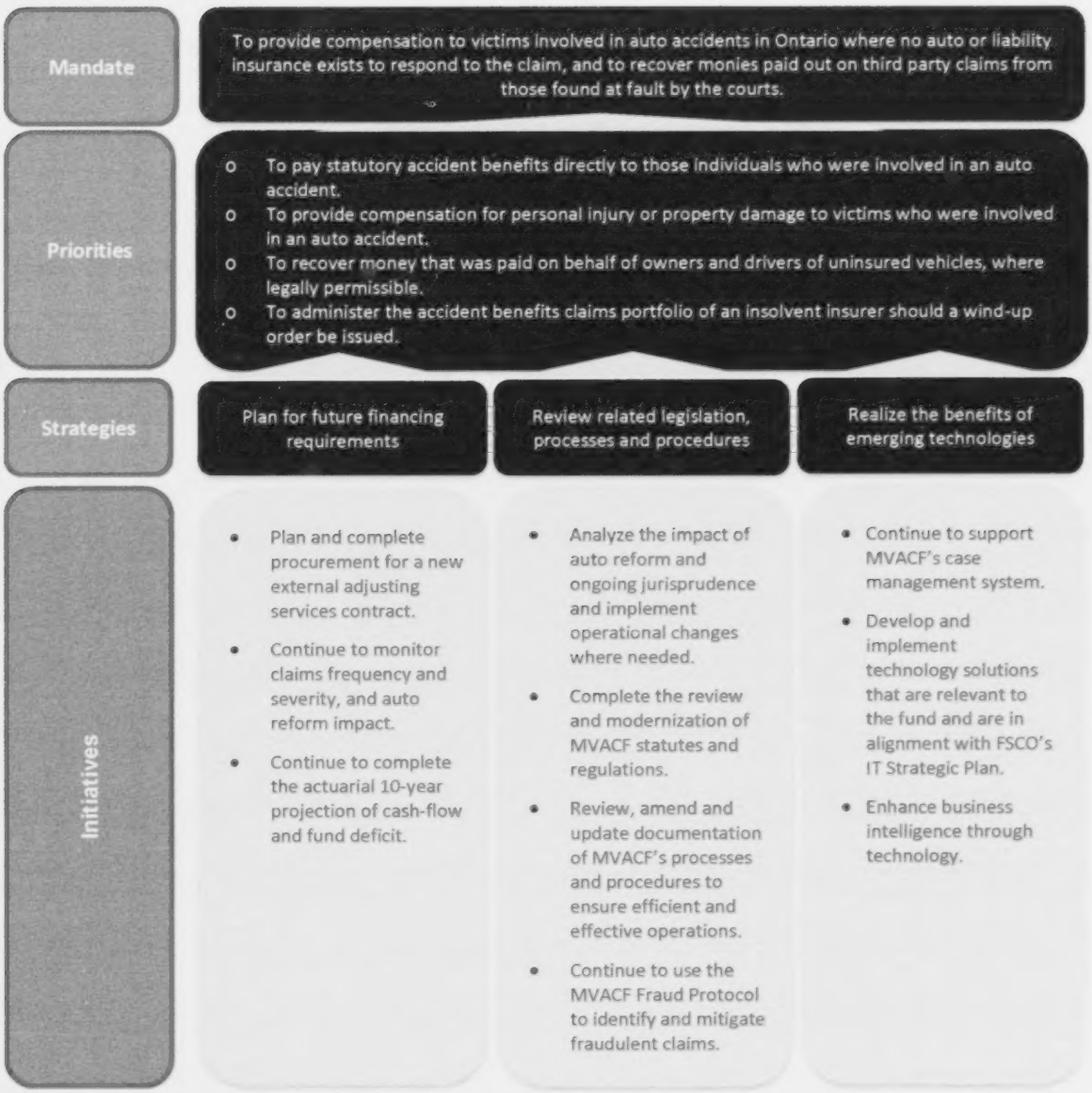
MVACF is established under the authority of the Motor Vehicle Accident Claims Act (MVAC Act) as a special purpose fund that reports its financial statements in Volume 2c of the Public Accounts. The business unit that runs MVACF is part of FSCO's Automobile Insurance Division.

MVACF is considered to be the "payer of last resort", as it provides compensation to people who were injured in automobile accidents in situations where the driver was uninsured, or a hit and run took place. MVACF also provides compensation for personal injury or property damage to people involved in automobile accidents with an uninsured or unidentified driver, in situations where no liability insurance exists. MVACF works to recover money that was paid on behalf of the owners and drivers of uninsured vehicles, and has the power to suspend drivers' licences of those individuals who are indebted to MVACF, where legally possible.

MVACF's Strategic Direction and Initiatives

MVACF's mandate, priorities, strategies and initiatives are outlined in Figure 2.

Figure 2


Mandate
To provide compensation to victims involved in auto accidents in Ontario where no auto or liability insurance exists to respond to the claim, and to recover monies paid out on third party claims from those found at fault by the courts.
Priorities
o To pay statutory accident benefits directly to those individuals who were involved in an auto accident.
o To provide compensation for personal injury or property damage to victims who were involved in an auto accident.
o To recover money that was paid on behalf of owners and drivers of uninsured vehicles, where legally permissible.
o To administer the accident benefits claims portfolio of an insolvent insurer should a wind-up order be issued.
Strategies
Plan for future financing requirements
Review related legislation, processes and procedures
Realize the benefits of emerging technologies
Initiatives
• Plan and complete procurement for a new external adjusting services contract.
• Continue to monitor claims frequency and severity, and auto reform impact.
• Continue to complete the actuarial 10-year projection of cash-flow and fund deficit.
• Analyze the impact of auto reform and ongoing jurisprudence and implement operational changes where needed.
• Complete the review and modernization of MVACF statutes and regulations.
• Review, amend and update documentation of MVACF's processes and procedures to ensure efficient and effective operations.
• Continue to use the MVACF Fraud Protocol to identify and mitigate fraudulent claims.
• Continue to support MVACF's case management system.
• Develop and implement technology solutions that are relevant to the fund and are in alignment with FSCO's IT Strategic Plan.
• Enhance business intelligence through technology.

MVACF's Activities and Accomplishments

In 2013–14, MVACF paid out $17 million in accident benefits to over 400 claimants, and $5.2 million for 87 third-party claims from victims of uninsured vehicles and hit and run drivers. These statutory payments are not expected to increase significantly in the next 3 years.

In September 2014, MVACF finished developing its Fraud Protocol policies and procedures, which are currently in the process of being implemented. The purpose of the Fraud Protocol is to promote controls to prevent, mitigate and manage potential fraud risks that are associated with the review and handling of Statutory Accident Benefits Schedule (SABS) claims that are submitted to MVACF.

MVACF publishes the Weighted Claims Expense Ratio, which is an annual administrative cost performance measure. This ratio measures administrative costs against the dollars that are paid out in two types of claims: accident benefits and third-party liability claims. Over the last 10 years, the range for these ratios has been as low as $0.25 and as high as $0.354. For 2013–14, the ratio was $0.25.

MVACF's Financial Information

With 25 approved full-time staff (FTEs), MVACF gets its funding through a separate vote item under the Interim Payment Authority – Section 15 of the Financial Administration Act. Drivers' licence fees and payments from debtors under the MVAC Act go toward reimbursing the government the money it provides MVACF.

MVACF is financed by a fee of $15 that is collected when each five-year Ontario driver's licence is issued or renewed. These proceeds are dedicated revenue and are maintained in the Consolidated Revenue Fund. Statutory claims payments are made directly from MVACF.

In 2014–15, MVACF requested a spending authority of $9.5 million and a budget appropriation of $1,000. Table 9 provides details on MVACF's spending authority and Table 10 sets out the allocation outlook.

Table 9: MVACF's 2015–18 Spending Authority Outlook by Major Expenditure Type ($000)

Expenditure Type	Average % Change Year-over-Year for 2015-18	2015-16 ($)	2016-17 ($)	2017-18 ($)	2015-16 over 2014-15	2016-17 over 2015-16	2018-17 over 2016-17
FTEs		25	25	25			
Salaries and Wages	4.5%	2,255.7	2,323.3	2,463.0	9.2%	3.0%	6.0%
Benefits	2.5%	338.7	348.5	355.9	9.3%	2.9%	2.1%
Total Salaries and Benefits	4.2%	**2,594.4**	**2,671.8**	**2,818.9**	9.2%	3.0%	5.6%
Transportation and Communication	-0.3%	83.0	88.6	82.1	18.0%	6.8%	-7.3%
Services	3.0%	7,419.7	7,640.5	7,867.9	6.8%	3.0%	3.0%
Supplies and Equipment	-17.0%	173.5	174.4	114.0	87.4%	0.5%	-34.4%
Total ODOE	**2.5%**	**7,676.2**	**7,903.5**	**8,064.0**	**8.0%**	**3.0%**	**2.0%**
Total DOE	**3.0%**	**10,270.6**	**10,575.3**	**10,882.9**	**8.3%**	**3.0%**	**3.0%**

Table 10: MVACF's 2015–18 Spending Authority Allocation Outlook ($000)

Transaction Type	Requested Spending Authority ($)			Year-Over-Year % Increase / (Decrease)		
	2015-16	2016-17	2017-18	2015-16 over 2014-15	2016-17 over 2015-16	2017-18 over 2016-17
Expenses	10,270.6	10,575.3	10,882.9	8.3%	3.0%	3.0%
Recoveries	10,269.6	10,574.3	10,881.9	8.3%	3.0%	3.0%
Net Operating (Expenses)/Revenues	**(1.0)**	**(1.0)**	**(1.0)**	**0.0%**	**0.0%**	**0.0%**

The Financial Services Tribunal

Mandate and Responsibilities

The Financial Services Tribunal (FST) is an independent, expert adjudicative body composed of nine to fifteen part-time members, including the Chair and two Vice-Chairs of the Commission.

FSCO provides the FST with supporting staff, space, information technology resources, and financial funding.

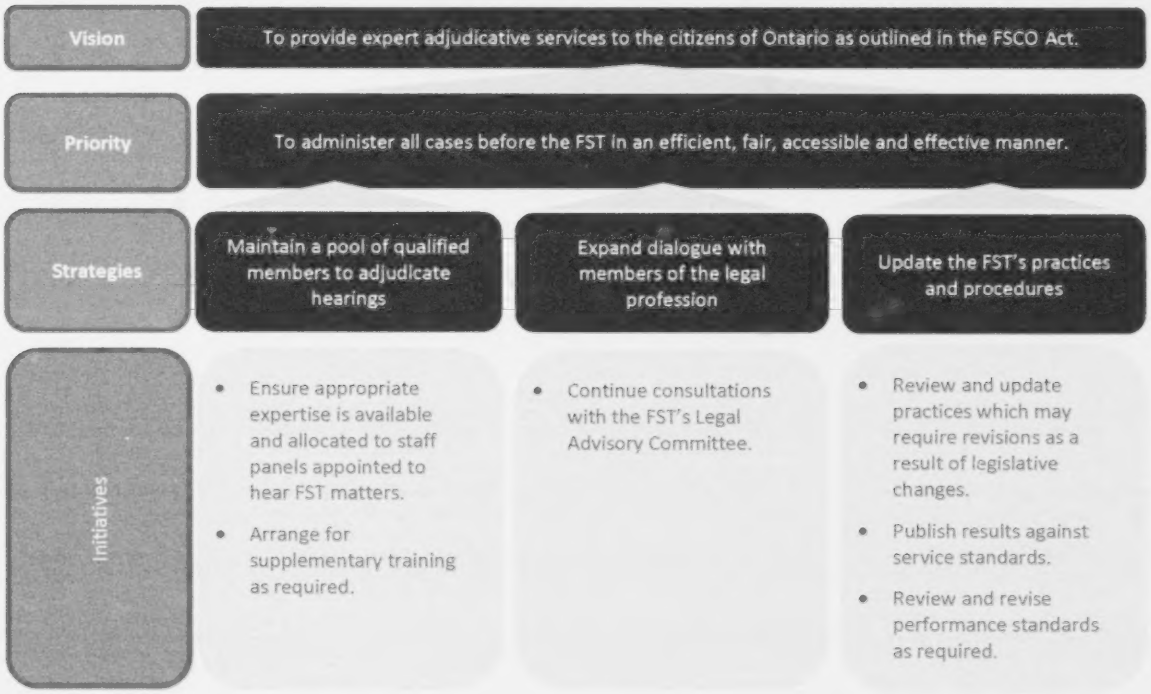
The FST exercises the powers conferred under the FSCO Act and other acts that confer powers on, or assign duties to the FST. It has exclusive jurisdiction to determine all questions of fact or law that arise in any proceeding before it. The FST has the authority to make rules regarding the practices and procedures that are applicable to the proceedings before it. It also has the authority to order a party to a proceeding before the FST, to pay the costs of another party, or the FST's costs for the proceeding in limited circumstances.

The government is reviewing the FST's mandate as well as the mandates of FSCO and DICO. The expert panel is expected to deliver its recommendations to the government by early next winter.

Strategic Direction and Initiatives

The vision, priority, strategies and initiatives of the FST are outlined in Figure 3.

Figure 3


Vision
To provide expert adjudicative services to the citizens of Ontario as outlined in the FSCO Act.
Priority
To administer all cases before the FST in an efficient, fair, accessible and effective manner.
Strategies
Maintain a pool of qualified members to adjudicate hearings
Expand dialogue with members of the legal profession
Update the FST's practices and procedures
Initiatives
Ensure appropriate expertise is available and allocated to staff panels appointed to hear FST matters.
Arrange for supplementary training as required.
Continue consultations with the FST's Legal Advisory Committee.
Review and update practices which may require revisions as a result of legislative changes.
Publish results against service standards.
Review and revise performance standards as required.

Achievements

In 2014, the FST published its first set of results on its service standards. In response to the FST's expanded workload, the FST updated its administrative practices, guidelines and forms. The expanded workload related to:

- New responsibility of regulating service providers' business and billing practices;
- Ability of the Superintendent to impose administrative monetary penalties against insurance agents and adjusters under the Insurance Act; and
- Amendments under the Pension Benefits Act that relate to financial hardship matters.

Members of the FST received training that focussed on these new areas of responsibility. A formal in-house training program was developed for new FST members.

Performance Measures

In accordance with the OPS Service Directive, the FST has developed service standards to meet the Directive's mandatory requirements, as shown in Table 11.

Table 11: FST Performance Measures

Measure	Target
Acknowledgement letter to be sent within 5 calendar days	100%
90% of pre-hearing dates to be confirmed within 35 calendar days of filing a perfected Request for Hearing or Notice of Appeal	90%
FST decisions to be issued within 90 calendar days	90%

The long-term outcome for the FST is that through clarity in the application of requirements in financial services regulation there will be greater confidence in the financial services sectors and the independent adjudication process. The FST has developed Rules of Practice and Procedures for hearing before the tribunal and conflict of interest guidelines, which are regularly reviewed.

Risk Mitigation Plan

To provide expert adjudicative services on decisions made by the Superintendent of Financial Services or the Deposit Insurance Corporation of Ontario, the FST established controls and action plans to manage risks that may impact the organization.

The FST's risks may challenge its operations: the threat of an expanding workload the threat of achieving the appropriate balance of freedom of information, privacy and transparency, and the risk of ensuring sufficient membership to meet the needs of the FST. The FST also identified one workforce risk: the risk of ensuring its workforce has the proper capacity, skills and knowledge to meet organizational needs. The FST has put in place a number of internal governance controls and action plans to appropriately address the risks and maintain a "low" residual rating. Table 12 outlines the risks and risk rating.

Table 12: FST's Risk Assessment

Risk Category	Risk	Risk Rating
Operational	Insurance Act amendments may create a risk that the FST may be unable to address an increase in caseloads in a timely manner.	Low
	A risk may exist that the FST may not achieve appropriate balance of freedom of information (FOI), privacy, and transparency consideration in FST decisions and processes.	Low
	Lack of sufficient membership may lead to insufficient sector and/or adjudicative expertise or application of their expertise.	Low
Workforce	The FST faces the risk that a lack of appropriate sector and/or adjudicative expertise within the membership may lead to appeals or judicial reviews.	Low

Appendix 1 – FSCO Organizational Chart